

TALKING POINTS: HOW WILL THE GOP EXPLAIN THEIR DISMAL ECONOMIC RECORD?

This week, the Republican leadership will hold a press conference announcing their new “Hire Our Workers” initiative (HOW), a new public relations offensive to repackage their special interest agenda as a plan to create jobs. But with 2.8 million manufacturing jobs lost in 48 states and a \$3 trillion national deficit, the Republicans have a lot of work to do to explain HOW they have helped middle class Americans.

Democrats will be out on the floor this week – and beyond – to ask the Republicans the questions that are really on Americans’ minds:

- **HOW will this special interest agenda help American workers?**
- **HOW can Republicans explain 2.8 million manufacturing jobs lost over the past three years?**
- **HOW do Republicans justify sending over a million jobs overseas?**

Republicans are desperate to hide the reality that their economic policies have permitted job losses at levels not seen since the Great Depression. But Democrats have a plan to jumpstart America’s economy and put people back to work:

Democrats are working to create manufacturing jobs. Manufacturing job losses continue to mount and Republicans have done nothing to stop it. Democrats are pushing a bipartisan solution to cut taxes for domestic manufacturers and help them create good paying jobs here in the United States. We want to eliminate unfair tax rules that allow corporations to keep their money and their workers overseas.

Democrats are fighting to return to fiscal responsibility. Democrats support responsible “pay as you go” provisions that require tax cuts to be paid for, just like new spending. This means that Republicans will have to make the hard choices and defend their priorities, rather than simply hiding the cost, increasing the deficit, and piling debt on our children.

Democrats support common sense measures to create jobs. Democrats want to extend tax cuts for middle class working families, help small businesses provide health care for their employees, invest in job training for workers in transition, pass a strong six year highway bill, and extend unemployment benefits for 2.9 million unemployed workers. Democrats also want to close corporate tax loopholes that let big corporations get away with not paying their fair share.



FACT SHEET:

HOW WILL THE GOP EXPLAIN THEIR DISMAL ECONOMIC RECORD?

This week, the Republican leadership will hold a press conference announcing their new “Hire Our Workers” initiative (HOW), which attempts to paint the passage of their special interest agenda as a plan to create jobs. But with 2.8 million manufacturing jobs lost in 48 states and a \$3 trillion national deficit, the Republicans have a lot of work to do to explain HOW they are going to help middle class Americans. Democrats have a responsible plan to create jobs now and help all Americans achieve financial security with new efforts to keep good jobs for American workers here rather than overseas.

Manufacturing job losses mount, but Republicans refuse to pass bipartisan reform. States like Michigan (136,000 manufacturing jobs lost), Pennsylvania (159,100 manufacturing jobs lost), and Wisconsin (79,600 manufacturing jobs lost) are bearing the brunt of the economic downturn, but Republicans still refuse to pass bipartisan reform that would help revitalize our manufacturing sector. The bipartisan Rangel-Crane-Manzullo-Levin bill would bring America into compliance with recent WTO rulings, and lower tax rates on US manufacturers to keep good jobs at home. It is fully paid for, and would not increase the deficit. But because Republicans refuse to pass this bill, farmers, ranchers, and manufacturers could pay hundreds of millions in tariffs on their goods, making their products harder to sell.

Irresponsible tax breaks created record deficits that are slowing growth. The Bush Administration’s irresponsible tax breaks for the wealthy turned a \$5.6 trillion surplus into a \$3 trillion deficit. Half the benefits of the new tax bill go to the wealthiest 5 percent of tax filers. In 2005, 74 percent of Americans will get less than \$100 from the Bush tax breaks, while all of our families will have to pay a mounting “debt tax” caused by record budget deficits.

Republicans refuse to support a strong highway bill that will create over 1.8 million jobs. The GOP reliance on short-term extensions and the failure to compromise on a real highway bill has cost America almost 100,000 jobs already.

Bush Administration slashes funding for programs designed to help manufacturers. The Bush budget cuts the Manufacturing Extension Partnership (MEP), which helps U.S. manufacturers with everything from plant modernization to employee training, by nearly two-thirds, meaning that 11,000 small manufacturers will not receive services and 28,000 workers will either be laid off or not hired. It also proposes to eliminate the Advanced Technology Program, which spurs cutting-edge research to solve manufacturing problems.

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June 4: National data updated


May 21: [State data](#) updated

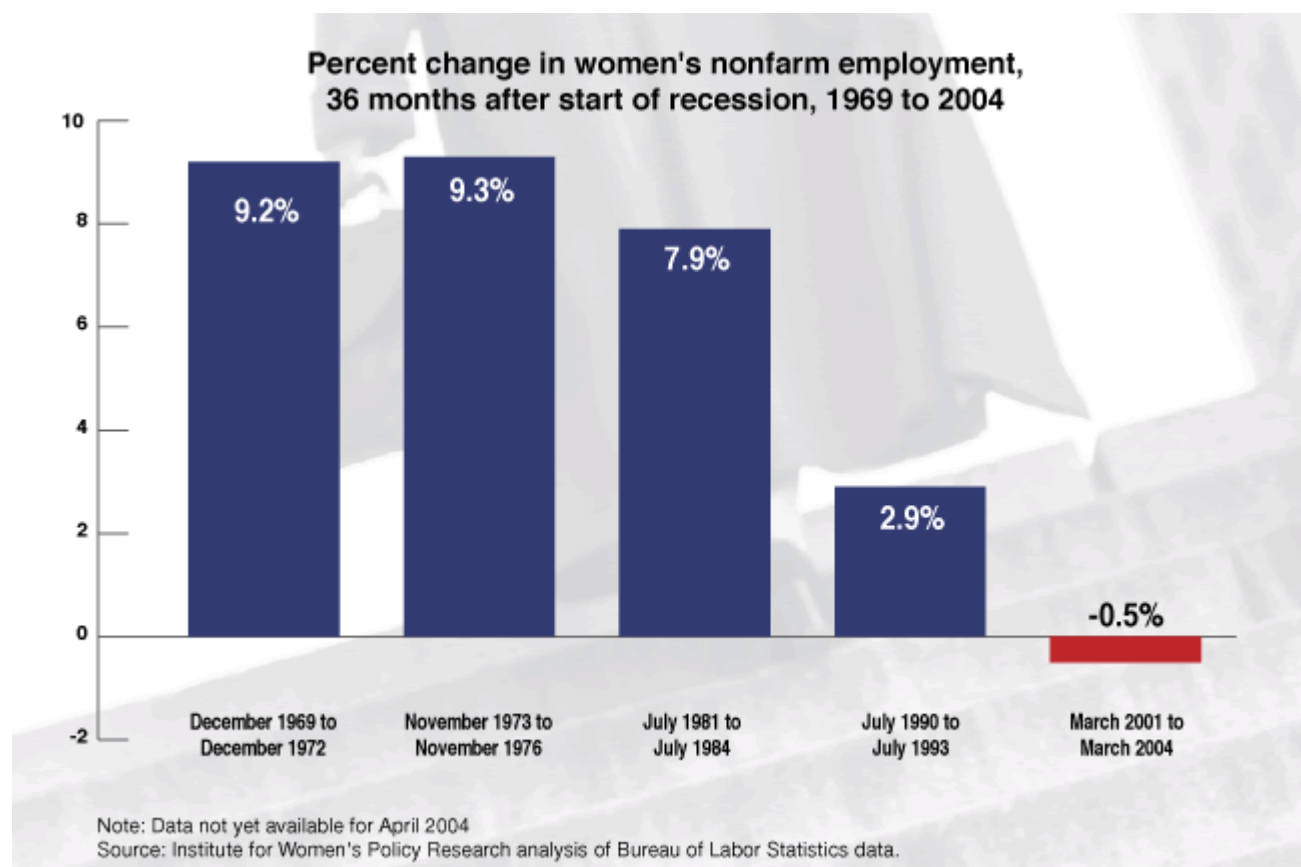
March 26: EPI President Lawrence Mishel appears on [NPR's Morning Edition](#) [stream: [Real](#) | [Windows Media](#)]

Labor market experiences third month of healthy job growth

For the third consecutive month, jobs have grown as strongly as the norm for an economic recovery. The 248,000 jobs gained in May bring the total gains for the last three months up to 947,000. It would be a mistake, however, to attribute the healthy gains that started in March 2004 to the tax cut that took effect last July — the recent three-month gain of 0.73% is lower than the three-month rate that typically has occurred soon after a recession ends and usually lasts for about a full year.

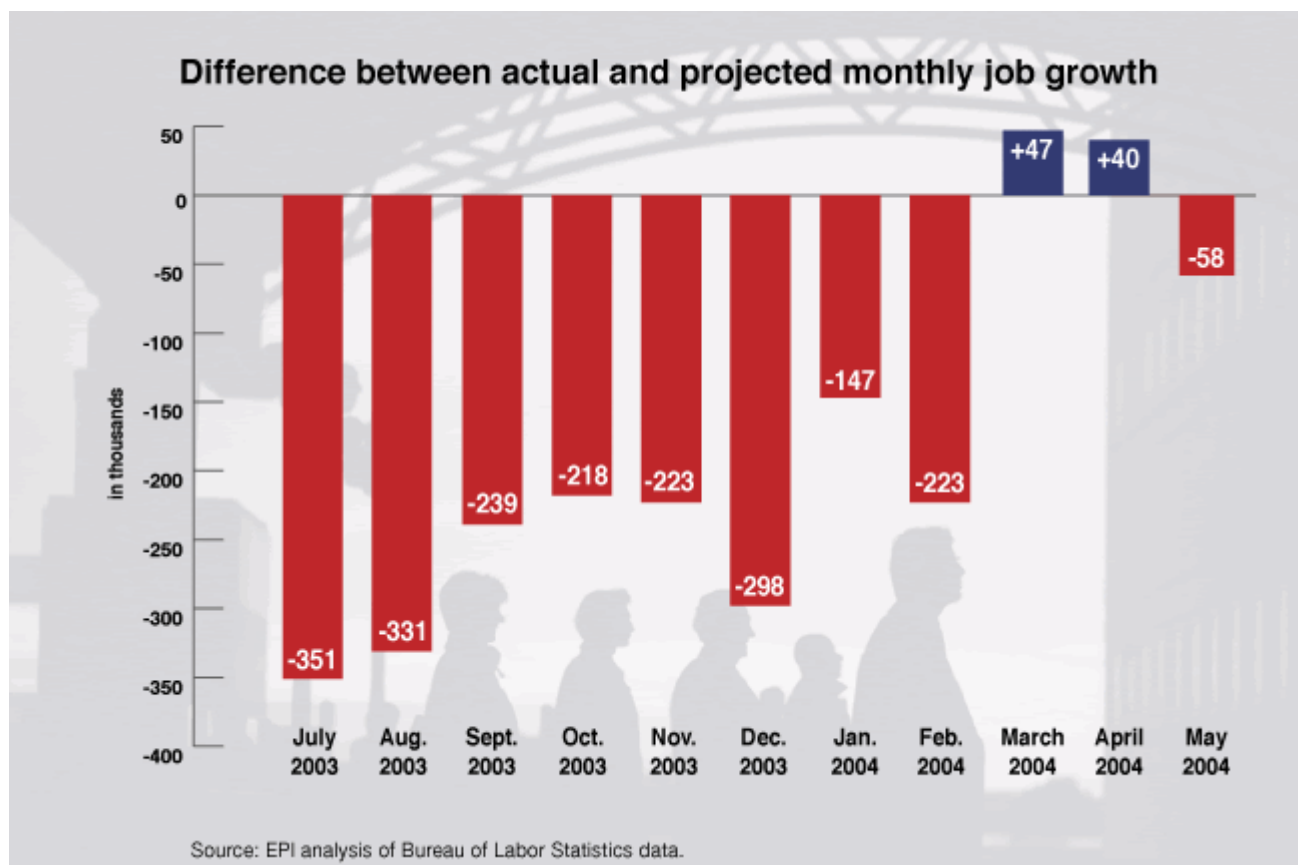
Record-breaking job loss continues for women

The 2001 recession inaugurated the only period of sustained job loss for women in the last 40 years. Women workers lost over 300,000 jobs between the start of the recession in March 2001 and March 2004, a 0.5% decline in their employment level. Furthermore, women's employment-to-population ratio remains unusually low. The weakened employment outlook since March 2001 has continued to have an effect on women's labor force participation. By May 2004, this indicator had dropped by a full percentage point from its March 2001 level—from 60.2% to 59.2%. (For more details and charts, read the [full analysis by the Institute for Women's Policy Research](#). )



Bush Administration's tax cuts not fulfilling job creation promises

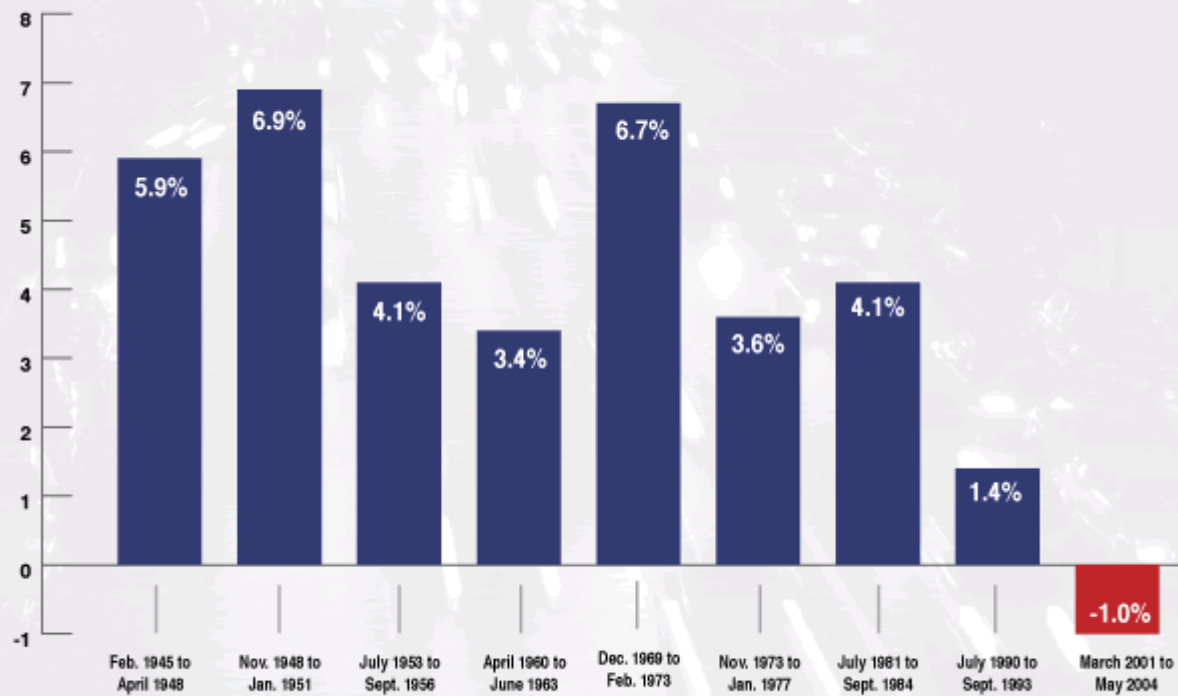
The Bush Administration called the tax cut package, which was passed in May 2003 and took effect in July 2003, its "Jobs and Growth Plan." The president's economics staff, the Council of Economic Advisers (see [background documents](#)), projected that the plan would result in the creation of 5.5 million jobs by the end of 2004—306,000 new jobs each month, starting in July 2003. The CEA projected that, starting in July 2003, the economy would generate 228,000 jobs a month *without* a tax cut and 306,000 jobs a month *with* the tax cut. Thus, it projected that 3,366,000 would be created in the last 11 months. In fact, since the tax cuts took effect, jobs have grown by 1,365,000—two million fewer jobs than the administration projected would be created by enactment of its tax cuts.



Greatest sustained job loss since the Great Depression

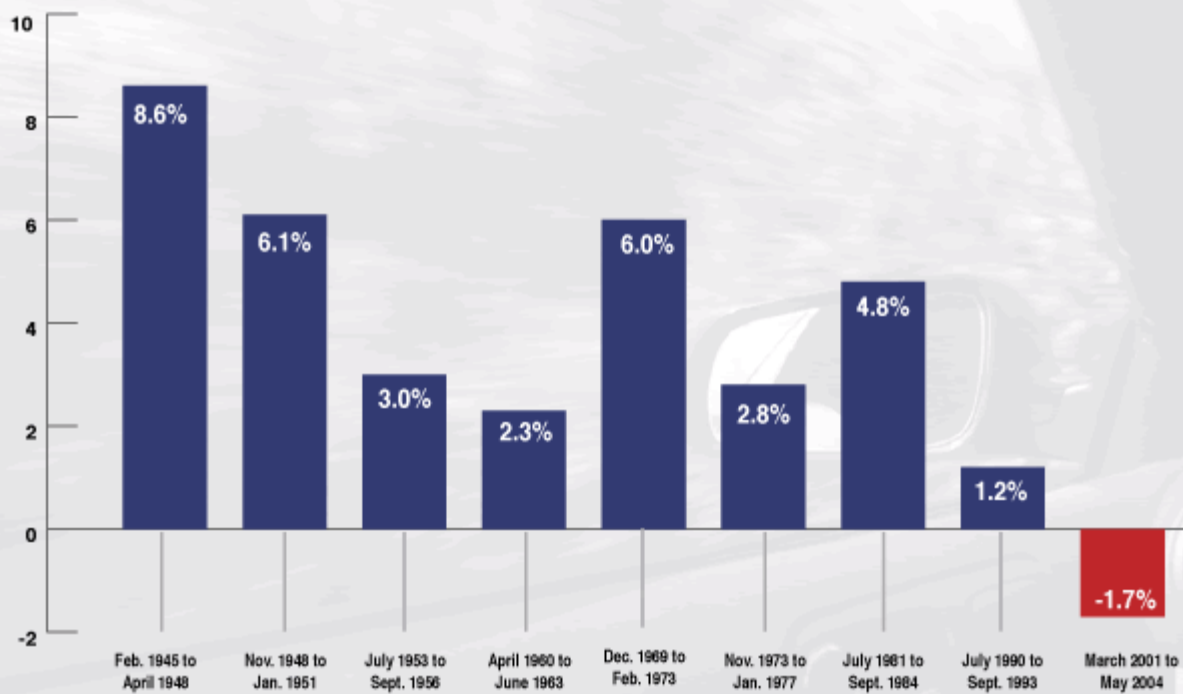
Since the recession began 38 months ago in March 2001, 1.3 million jobs have disappeared, representing a 1.0% contraction. The Bureau of Labor Statistics began collecting monthly jobs data in 1939 (at the end of the Great Depression). In every previous episode of recession and job decline since 1939, the number of jobs had fully recovered to above the pre-recession peak within 31 months of the start of the recession. Today's labor market would have 5.3 million more jobs if employment had grown by the same 3.0% average gain for the last three recession cycles. The picture is worse for private-sector jobs, which have dropped by 1.9 million since March 2001, representing a 1.7% contraction. (See [state data and organizations](#) for more information on individual states.)

Change in total employment, 38 months after the recession began




Source: Economic Policy Institute analysis for jobwatch.org.

Change in private-sector employment, 38 months after the recession began



Source: Economic Policy Institute analysis for jobwatch.org.

If you would like high-resolution versions of our current JobWatch charts, you can download these [charts in press-optimized PDF format](#)  (1.9 MB)



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May 6, 2004

LATEST LABOR MARKET DATA SUGGEST 13 WEEKS OF TEMPORARY FEDERAL BENEFITS REMAINS APPROPRIATE

By Isaac Shapiro

Among those who support the resumption of the Temporary Extended Unemployment Compensation program — the federal program that provides additional weeks of unemployment assistance to those who have exhausted their regular aid — there is disagreement as to how many weeks of additional assistance should be provided. The latest available labor market data suggest 13 weeks of additional benefits remains an appropriate level. Consider:

- **When the TEUC program was ending, three of every four TEUC recipients were still exhausting their aid before finding a job.** Perhaps the single best indicator of the appropriate length of TEUC benefits is whether recipients are able to find employment before their benefits end. By this indicator, in each month from September 2003 through February 2004 (the latest month for which this indicator is reliable), the TEUC program was providing insufficient weeks of benefits for three of every four recipients. Depending on the month, between 76 percent and 78 percent of TEUC recipients received all the benefits to which they were entitled and still had not found employment.
- **More recent labor market data suggest spells of unemployment remain exceptionally long.** In March, at the same time overall employment growth was robust, the number of long-term unemployed, if anything, appeared to increase (the increase was not statistically significant). The share of the unemployed consisting of the long-term unemployed hit its highest level in more than 20 years. The number of individuals exhausting their regular, state unemployment insurance but not qualifying for further federal aid reached the largest monthly level on record (with data available back to 1971).
- **13 weeks of benefits would be less than was provided at a similar stage under early 1990s program.** The exhaustion rate under the TEUC program has been significantly larger than occurred under the temporary federal program in effect in the early 1990s. In part, this reflects the larger number of weeks provided under the earlier program. The earlier program, for instance, still provided 20 weeks or more of benefits in each state until after the number of jobs lost during the downturn had been more than regained. By contrast, there are still two million fewer jobs than there were when the downturn began in early 2001.

- **Latest data are largely inconsistent with the theory that TEUC benefits lengthen unemployment spells.** The exhaustion rate for the regular benefits program has continued to drop modestly (a trend that began the middle of last year, before the TEUC program phased out), but remains at a very high level. Meanwhile, the average duration of unemployment spells, of unemployment insurance spells, as well as the number of long-term unemployed, all have *increased* since the phase-out of the TEUC program began. These increases all run contrary to the theory that the availability of TEUC benefits is significantly responsible for the length of unemployment spells.

If the next several months of labor market data show sustained, robust job growth that begins to reduce the number of long-term unemployed significantly, then a scaled-back TEUC program might be appropriate. Until that evidence is forthcoming, however, providing at least 13 weeks of benefits is advisable.

News from Congressman

Chet Edwards

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FOR IMMEDIATE RELEASE

May 13, 2004

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Edwards Hails Major Breakthrough On Survivor Benefit Plan in Defense Bill Approved by Armed Services Committee

(Washington) -- Congressman Chet Edwards (TX11) hailed the major breakthrough on the Survivor Benefit Plan in the Defense bill approved by the House Armed Services Committee late Wednesday night. The breakthrough ends the drastic reduction in the Survivor Benefit Plan (SBP) for spouses of deceased veterans pushed by Edwards. Edwards has led the effort for months to end the benefit reduction working with Veterans Service Organizations, the Military Coalition, and the 201 members of Congress who signed the discharge petition filed by Edwards to force a floor vote on HR 548, a bill ending the penalty.

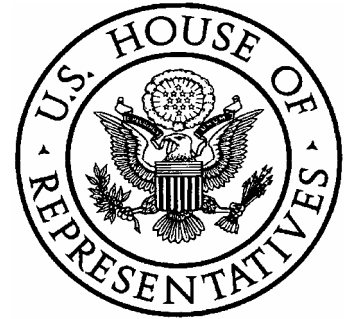
“Clearly, this is a great victory for our military widows and it would not have happened without the hard work of the veterans community, the Military Coalition, and the 201 Members of Congress who signed the discharge petition. Military families and military spouses are the unsung heroes in America’s national defense and they make tremendous sacrifices during times of war and peace,” said Edwards. “It makes no sense to penalize them by reducing their benefit by one-third.”

“Rep. Edwards personal support was an important factor in the overall success of this effort. In the end, it was a collective effort of all of the people involved, but Rep. Edwards made an important contribution,” said Lee Lange, Deputy Director of Government Relations for Military Officers Association of America (MOAA).

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FOR IMMEDIATE RELEASE

April 29, 2004

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REP. EDWARDS LEADS MILITARY AND VETERANS COALITION IN PUSH TO END “MILITARY WIDOWS TAX”

(Washington DC) – Congressman Chet Edwards (TX-11) was joined by Reps. Bob Filner (CA-51) and representatives of several veterans and military service organizations to launch a signature drive on Edwards’ discharge petition that would force a floor vote on H.R. 548. The bill, sponsored by Jeff Miller (FL01), would end the drastic reduction in the Survivor Benefit Plan (SBP) for spouses of deceased veterans. Currently, the vast majority of military spouses face a drastic reduction from 55% to 35% in their SBP annuities when they reach age 62.

For a surviving spouse of a Sgt. 1st class whose pay was \$40,000 per year, that amounts to an annual benefit of only \$7000 or a \$4000 reduction, when they reach age 62.

“Reducing survivor benefits to those whose spouses have served their nation in the Armed Services is an insult,” said Edwards. “The debt we owe our nation’s military service men and women can never be fully repaid, but protecting their surviving spouses is the least we can do to honor their sacrifice for our nation.”

Edwards proudly supports the military coalition and veterans service organizations whose top legislative priority this year is to eliminate the reduction in the Survivor Benefit Plan (SBP). On March 17th during budget mark-up, Edwards offered an amendment on the Budget Committee that would have provided \$500 million over five years to fund H.R. 548. Though 321 House members have co-sponsored the bill, the 13 Republican Cosponsors on the Budget Committee opposed the amendment.

“As an original cosponsor of Rep. Miller’s bill, I support his efforts and join my colleagues, veterans groups and the military coalition in working to completely eliminate this discriminatory practice,” said Edwards. “A 62 year-old widow should not be expected to live on just 17% of their family’s active duty service pay.”

Last year, Edwards led the effort supported by all military service organizations to eliminate the disabled veterans tax, known as “concurrent receipt”. The bill that was ultimately passed employed the ten-year phase method out instead of an immediate outright repeal of the policy. Edwards is again leading the effort on a discharge petition that, if successful, would force the leadership to move the Miller bill to the House floor for a vote once 218 Members of the House sign the petition.

“If just 218 of the 321 co-sponsors of H.R. 548 will sign the discharge petition, we can respect the sacrifices of our military widows with our deeds, not just our words,” said Edwards.

Organizations participating in the press conference include the Military Officers Association of America, Association of the US Army, Air Force Association, American Legion, National Military Family Association, Fleet Reserve Association, Naval Enlisted Reserve Association, and the Veterans Widows International Network.

Chet Edwards is one of only six House members serving on both the House Budget and Appropriations Committees, and is the Ranking Member of the Military Construction Appropriations Subcommittee. The Association of the U.S. Army recognized Edwards as its Legislator of the Year in 2003.

REMARKS BY CONGRESSMAN CHET EDWARDS
APRIL 28, 2004

Military spouses are the unsung heroes in America's national defense. For too long they have been the forgotten heroes, and we are here to change that inequity.

I have often wondered how we put a dollar value on the sacrifice of a military spouse whose loved one is in combat. There are no make up days for missed moments such as the birth of a child or the first steps of a baby or high school graduation.

How do we value the challenge of raising children alone while a loved one is in harm's way? Even in times of peace, there is constant training and house moves more often than most military families can remember.

In times of war, how do we value the constant fear that the next knock on the front door might be the dreaded news that your spouse will never be coming home? Whether they ever wore a military uniform or not, our military spouses have been true partners in sharing the sacrifice required to defend our families and our nation.

Given that sacrifice, America's military widows deserve better than to have their survivor benefits automatically reduced when they reach age 62. In effect, present law puts in place a military widow's tax when a military retiree's widow reaches age 62. The law says a military widow should only receive 35% of retirement pay, which only amounts to 17 and a half percent of the pay their spouse received when on active duty. For a surviving spouse of a Sgt. 1st class whose pay was \$40,000 per year, that amounts to an annual benefit of only \$7000 or a \$4000 reduction when they reach age 62.

We think that is unfair, and we want to change that law--so do America's veterans service organizations and so claim 321 House Members who have co-sponsored HR 548 as of this morning.

Today, I stand with members of the Military Coalition and the numerous veterans' service organizations to strongly encourage my colleagues to sign the discharge petition to end the military widow's tax and require a House floor vote on HR 548. This bill was introduced by Congressman Jeff Miller of Florida over a year ago on February 5, 2003. It would phase out the military widow's tax over 5 years and provide for a one-year open season for military families to file for the survivor's benefit annuity.

I am disappointed that the recent Republican-backed Budget Resolution, which passed the House in March, does not pay for ending the military widow's tax. Instead it created a so-called "Deficit Neutral Reserve Fund". The problem is that Republicans didn't put any funds in that fund.

Once again House Republicans have chosen to honor our military and their families with speeches and dishonor them with their budget votes. This is the same Budget Resolution that cuts veterans health care services by \$1.3 billion this year and \$21 billion over 5 years.

Veterans deserve more than broken promises and military widows deserve more than false promises. If just 218 of the 296 co-sponsors of H.R. 548 will sign the discharge petition, we can respect the sacrifices of our military widows with our deeds, not just our words.

For More information Contact: Josh Taylor 202-225-6105

TALKING POINTS ON SURVIVOR BENEFIT PLAN AND THE TANKER OFFSET IN H.R. 4200

Survivor Benefit Plan

- Once the widow of a military retiree reaches age 62, normally the same age she is eligible for Social Security, her SBP benefit is reduced from 55 percent of the retiree's pension to 35 percent. The Social Security benefit the surviving spouse receives is often less than the reduction in the benefit, which results in a net loss of income. Some call this offset of the SBP benefit the "Widow's Tax."
- Rep. Jeff Miller (R-FL) offered an amendment in committee to phase out the SBP offset within five years, beginning on October 1, 2005 (FY 2006). The other component of that amendment had to do with privatized family housing. The amendment eliminates the cap on this program starting in FY 2006.
- The Republicans offset these mandatory programs by rescinding the authority to purchase 80 aerial refueling tankers with mandatory funding. The amendment allows the deal to proceed under standard multi-year contract authority, which means the Air Force can buy the planes subject to the annual appropriations process. The amendment retains the authority to lease 20 planes.
- Rescinding the authority to use mandatory funding, however, gave them more than \$8 billion in direct spending offsets. They added another \$100 million in offsets through asset sales from the National Stockpile. These mandatory offsets allowed them to phase out the Widows Tax and increase the privatized housing cap and remain budget neutral.
- Democrats have been calling for both these initiatives for a long time, so HASC Democrats declared victory when the amendment was adopted.

COMPARISON OF SURVIVOR BENEFITS PLAN

National Defense Authorization FY05

Effective date	Percentage of reduction in annuity	CBO estimated cost (in millions)
Until 9/30/05	35%	-1
10/05 through 3/06	40%	199
4/06 through 3/07	45%	398
4/07 through 3/08	50%	643
4/08 and beyond	55%	796
		2.035 /5 year

*cost estimate includes a two-year open window

H.R. 548, introduced by Representative Jeff Miller (Under discharge petition)

Effective date	Percentage of reduction in annuity	CBO estimated cost (in millions)
Until 9/30/04 (FY04)	35%	0
10/04 through 9/05	40%	-1
10/05 through 9/06	45%	103
10/06 through 9/07	50%	249
10/07 and beyond	55%	556
FY09	55%	822
		1.729 /5 year

*The Miller bill was introduced in February 2003

*cost estimate includes a one-year open window